

May 14, 2012

**Natural Gas Trends****Highlights****EIA's SHORT-TERM ENERGY OUTLOOK**

*According to the Energy Information Administration's (EIA's) May 7, 2012 Short-Term Energy Outlook:*

**Spot prices, natural gas.** EIA projects a Henry Hub natural gas average spot price of \$2.45 and \$3.17 per million British thermal units (MMBtu) in 2012 and 2013, respectively. The price per MMBtu averaged \$4 in 2011, \$4.39 in 2010, \$5.50 in 2009, \$9.13 in 2008, and \$7.17 in 2007.

**Spot prices, crude oil.** EIA expects the price of West Texas Intermediate (WTI) crude oil to average about \$104 per barrel in 2012, with the average U.S. refiner acquisition cost averaging \$110 per barrel. The WTI crude oil spot price per barrel averaged about \$95 in 2011, \$79 in 2010, \$62 in 2009, \$100 in 2008, and \$72 in 2007.

*Due to an abnormally warm winter, gas working inventories at the end of April were about 46% higher than at the same time last year.*

**Consumption.** EIA expects U.S. natural gas consumption to average 70.2 billion cubic feet per day (Bcf/d) in 2012, an increase of 3.4 Bcf/d (5.1%) over 2011 consumption. Electric power sector consumption of natural gas is expected to grow by about 21% in 2012, because natural gas is now priced lower than coal, in some regions.

**Production.** EIA expects 2012 production growth to average 4.4% in 2012. Total marketed U.S. natural gas production increased by 7.9% in 2011, by 4.4% in 2010, by 3.7% in 2009, and by 5.9% in 2008.

**Imports.** EIA expects gross pipeline imports of natural gas to decline by .3 Bcf/d (3.3%) in 2012, as U.S. supplies displace Canadian sources. Liquefied natural gas (LNG) imports are expected to decline by .3 Bcf/d (32%) in 2012. An average of .7 Bcf/d of LNG will be imported in 2012 and 2013 to fulfill long-term contract obligations or to provide additional supply during cold snaps and supply disruptions. U.S. imports of LNG totaled about 431 Bcf in 2010, 452 Bcf in 2009, 352 Bcf in 2008, and 771 Bcf in 2007.

Source: <http://www.eia.doe.gov/emeu/stco/pub/contents.html>

**Data**

- June Natural Gas Futures Contract (as of May 11), NYMEX at Henry Hub closed at \$2.509 per million British thermal units (MMBtu)
- June Light, Sweet Crude Oil Futures Contract (as of May 11), NYMEX at Cushing closed at \$96.13 per U.S. oil barrel (Bbl.) or approximately \$15.31 per MMBtu

**Last week: Texas, U.S. HDD lower than normal**

For the week beginning 5/6/12 and ending 5/12/12, heating degree days (HDD) were lower than normal for Texas and the U.S. For the heating season (7/1/11 to 6/30/12), cumulative heating degree days were 22% below normal for Texas and 18% below normal for the U.S.

Source: [www.cpc.ncep.noaa.gov](http://www.cpc.ncep.noaa.gov)

HEATING DEGREE DAYS (HDD)				
City or Region	Total HDD for week ending 5/12/2012	*Week HDD + / - from normal	Year-to-date total HDD	* YTD % +/- from normal
Amarillo	40	11	3504	-18%
Austin	0	0	1460	-12%
DFW	0	-7	1772	-26%
El Paso	13	10	2278	-11%
Houston	0	0	951	-38%
SAT	0	0	1123	-29%
Texas**	3	-1	1555	-22%
U.S.**	32	-12	3652	-18%

\* A minus (-) value is warmer than normal; a plus (+) value is cooler than normal. NOAA uses 65° Fahrenheit as the 'normal' basis from which HDD are calculated.  
 \*\* State and U.S. degree days are population-weighted by NOAA.

**Last week: U.S. natural gas storage at 2,606 Bcf**

For the week ending 5/4/12, U.S. working gas in storage rose from 2,576 to 2,606 Bcf, compared to 1,807 Bcf in storage a year ago and compared to an average of 1,803 Bcf in storage during the 5-year period from 2007 to 2011. Working gas in storage in the producing region (which includes Texas) declined from 1,040 to 1,038 Bcf.

Source: [www.eia.doe.gov](http://www.eia.doe.gov)

U.S. WORKING GAS IN STORAGE				
Region	Week ending 5/4/12	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	1,189	1,165	24	+ 50.7%
West	379	371	8	+ 37.8%
Producing	1,038	1,040	-2	+ 40.5%
Lower 48 Total	2,606	2,576	30	+ 44.5%

Lower 48 states, underground storage, units in billion cubic feet (Bcf)

**Recent week: U.S. gas rig count down 7 to 606**

The natural gas rig count for the U.S. was down 7 when compared to the prior week and down 284 when compared to 12 months ago. The U.S. total rig count was up 20 when compared to the prior week, and up 129 when compared to 12 months ago.

Source: Baker Hughes (last week data not available)

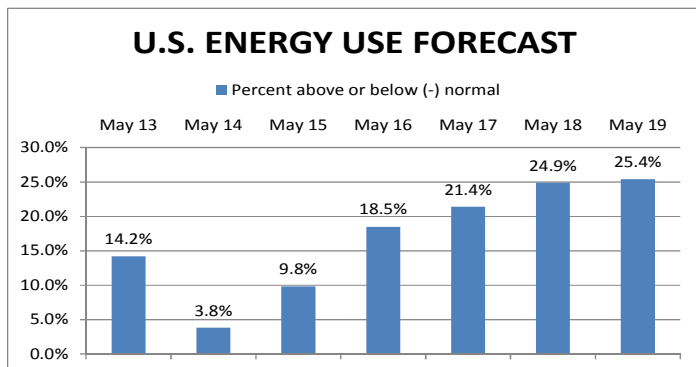
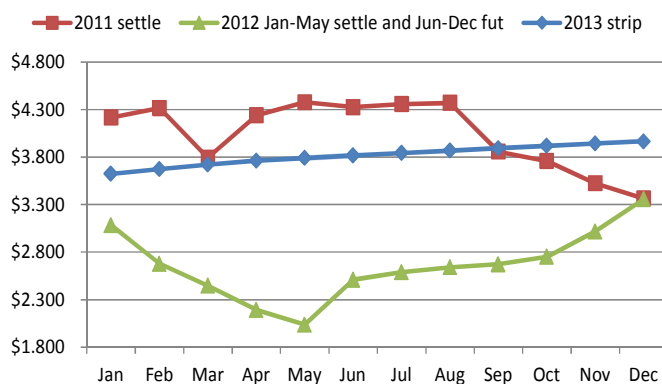
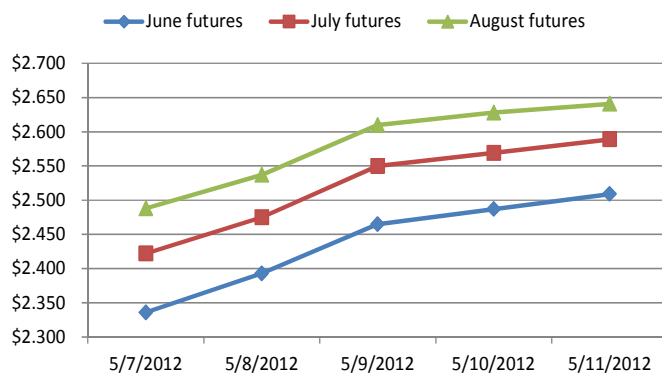
BAKER HUGHES ROTARY RIG COUNT				
	As of 5/4/12	+/- prior week	Year ago	+/- year ago
Texas	933	8	816	+117
U.S. gas	606	-7	890	-284
U.S. oil	1355	27	934	+421
U.S. total	1965	20	1836	+129
Canada	131	-3	123	+8

Numbers are excerpted and not meant to be totaled

**This week: U.S. energy use higher than normal**

U.S. energy use is forecasted to be higher than normal, according to the Dominion Energy Index, as shown below. Dominion forecasts total U.S. residential energy usage, a component of which is natural gas.

Source: Dominion Energy Index

**NYMEX NATURAL GAS PRICES: 2011 - 2013****LAST WEEK: NYMEX HENRY HUB FUTURES PRICES****NATURAL GAS PRICE SUMMARY AS OF 5/11/2012**

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
US June futures				
NYMEX	\$2.509	\$0.323	-\$1.817	\$3.091

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